



QUWIEX LIMITED COMPANY

Consolidated financial statements
for the year ended December 31, 2021

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ADDRESS OF THE CEO

CEO

George Bennet

This year of 2021 marked a positive change for QUWIEX LIMITED.

On a yearly basis, we achieved success in three priority areas: growth in invested capital; asset integration; improved efficiency and operating cash flow.

Total net revenue increased by 337% to more than two billion US dollars, which resulted in an increase in return on equity to 34%.

As a company, we are implementing a transformation aimed at creating a solid platform for continued success, and increasing revenue and profitability in an increasingly competitive investment sector.

Throughout 2021, from my perspective, we have made significant progress and have a good head start on realising its full potential and capitalising on the emerging growth trends in the global cryptocurrency market.

In this report, we have outlined future growth plans that build on the company's competitive advantages and focus on attracting new ways to increase assets, steady growth, maintaining profitability as well as significantly increasing net income and return on equity during 2022 and the longer term perspective.

RESULTS FOR 2021

Considering QUWIEX LIMITED's performance for 2021, I would like to focus on a few key points.

Trading volume and the number of funds invested each month increasing by 3 times. Total net income are the most important indicators of success for shareholders during the period of rapid growth.

I can proudly report that QUWIEX LIMITED has once again confirmed its leading position in the global cryptocurrency sector. The company's capitalisation level has increased several times - a record figure for our team, demonstrating a high level of professionalism and the right strategies.

In the second half of 2021, profits were also affected by the transition processes associated with the focus of our operations on a new multi-format strategy, as well as the integration of our own mechanisms into familiar business processes.



A particular focus on operating cash flow and profitability has positively impacted our results. As a result of the profitability and net profit levels of QUWIEX LIMITED over the past year, it gives me confidence that we have chosen the right overall direction for our business.

We have enhanced our financial management mechanisms to maximise the company's operating cash flow. Specifically, in order to maintain profitability and build working capital, measures have been taken to take greater account of rapidly changing specifics in pricing mechanisms and the forward as well as backward linkages between the cryptocurrencies involved in transactions.

Furthermore, a number of cost control and productivity solutions were successfully implemented to neutralise upward trends of transaction costs associated with integration with new exchanges and coins, as well as constant service pricing spikes.

By implementing these measures, the net cash generated from operations has more than doubled, thereby significantly increasing the economic impact of the increased trading volume.



Our business development team achieved remarkable success in controlling capital expenditure during a year, which was crucial to our organic growth strategy.

Capital expenditure amounted to \$152 million, significantly less than the \$231 million planned for 2021

- firstly due to halving the originally planned integration costs without compromising quality or losing money,
- secondly due to the finalisation of contract terms with major partner exchanges, and thirdly due to lower overall expansion costs in 2021 as a result of organic growth almost exclusively due to integrations with new partners and cryptocurrencies.

Furthermore, the mentioned investments were financed with 100% equity from operating cash flows, demonstrating QUWIEX LIMITED's ability to grow aggressively while improving its balance sheet structure through high efficiency and maximising cash flow.

In order to effectively manage our expanding network of integrations into various platforms, there is a need to invest in IT infrastructure. In this regard, the company increased its IT staff in 2021, providing the basis for further expansion of our operations.

A further step towards this will be the introduction of the latest software to support all phases of investment and analytical support systems enabling us to improve profitability across all of our activities.

As the company's transformation takes place, it is guided by management's strategic view of the cryptocurrency market over the next few years, as well as short-term priorities of attracting investment flow in a competitive environment and improving profitability in order to create additional value for shareholders.

The indicators show significant growth prospects, but do not give an exhaustive picture of market conditions. In the cryptocurrency market, there are three main trends to be considered for a successful long-term development.

- Firstly, the share of altcoins is gradually increasing at a high rate. In September of this year, **it reached 33%, although it was only 22%** a month before.
- Secondly, the competition is getting tougher and costs are rising, demanding that we continuously improve the efficiency and cost-effectiveness of our operations.
- Thirdly, we will face an intensive expansion of the list of large and medium-sized investors in the next few years, requiring a comparable effort from us in order to increase our market share and realise the benefits of scaling up.

Targets to be set for 2022

1

**Increasing the volume
of investment**

2

**Maintaining
profitability rates**

3

**Increasing rates of organic growth
and investment in infrastructure**

4

**Progress within each format
and enhance their strengths**

5

**Increasing the range
of services provided**

Our intention is to achieve our goals and ensure the company's share price growth, and increase profitability compared to international companies in the cryptocurrency investment sector.

Furthermore, our engagement with the investment community will be developed to facilitate a better understanding of QUWIEX LIMITED's strategy and growth prospects during a fast changing period for the company. Inspired by QUWIEX LIMITED's results, I look forward to announcing next year's achievements.

Chief Executive Officer,

George Bennet



Consolidated statement of profit or loss for the year ended 31 December 2021 (in millions of US dollars)

Indicator name	Year ended 31 December 2021 <small>(in millions of US dollars)</small>	Year ended 31 December 2020 <small>(in millions of US dollars)</small>
Income from transactions in cryptocurrency assets	2260,754	713,45
Fee and commission income	342,434	12,654
Net profit on financial assets at fair value through other comprehensive income	29,435	12,489
Other operating revenues	20,455	10,285
General and administrative costs	-15,164	12,112
Personnel expenses	-20,566	8,527
Profit tax expense	-491,12	176,162
Transaction fees and other commission expenses	-55,841	28,38
Net profit	2070,387	613,53

Cryptocurrencies participating in trading

These are a couple of simple indicators, providing an overview of the seriousness and potential of each cryptocurrency:

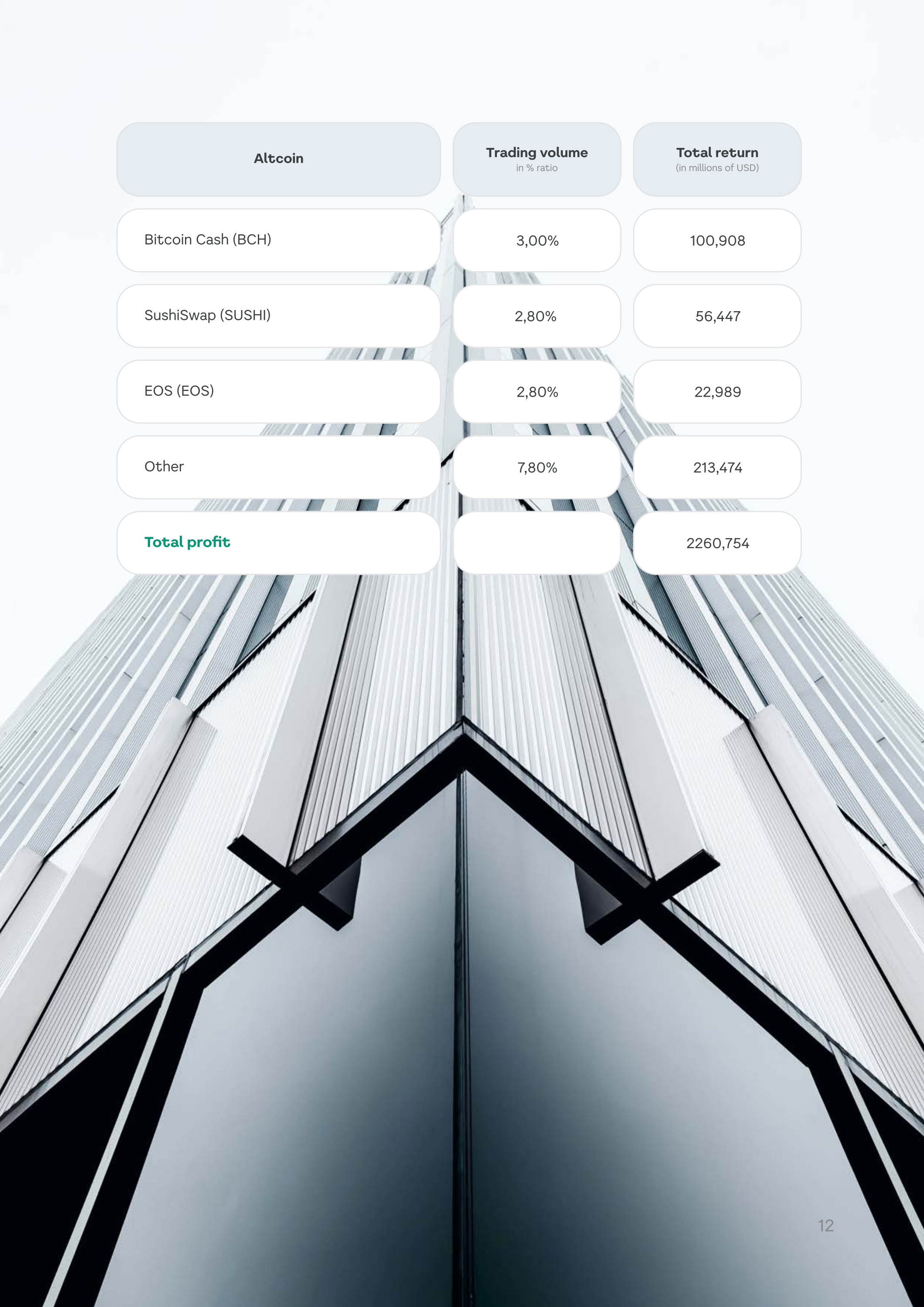
Its market capitalisation, which means the position in which it holds, and the coin's share of the total market value of cryptocurrencies;

Its community of followers and developers. By having a large and well-developed community, it's much easier to judge the prospects of a cryptocurrency;

News agenda: successful projects interact with the media and, in this way, it is possible to make inferences about the spikes of one currency or another;

Expert and quantitative analytics via special software and internal experts.

Altcoin	Trading volume in % ratio	Total return (in millions of USD)
Ethereum (ETH)	10,50%	310,685
Litecoin (LTC)	10,20%	225,417
Chainlink (LINK)	11,10%	293,1542
Polkadot (DOT)	7,60%	165,86
Aave (AAVE)	9,80%	163,67
Cardano (ADA)	9,90%	311,521
Binance Coin (BNB)	7,40%	165,459
Uniswap (UNI)	6,20%	95,225
XRP (XRP)	4,30%	23,55
Stellar (XLM)	3,40%	225,417
Cosmos (ATOM)	3,20%	45,635



Altcoin	Trading volume in % ratio	Total return (in millions of USD)
Bitcoin Cash (BCH)	3,00%	100,908
SushiSwap (SUSHI)	2,80%	56,447
EOS (EOS)	2,80%	22,989
Other	7,80%	213,474
Total profit		2260,754

Exchanges and distribution on a percentage basis

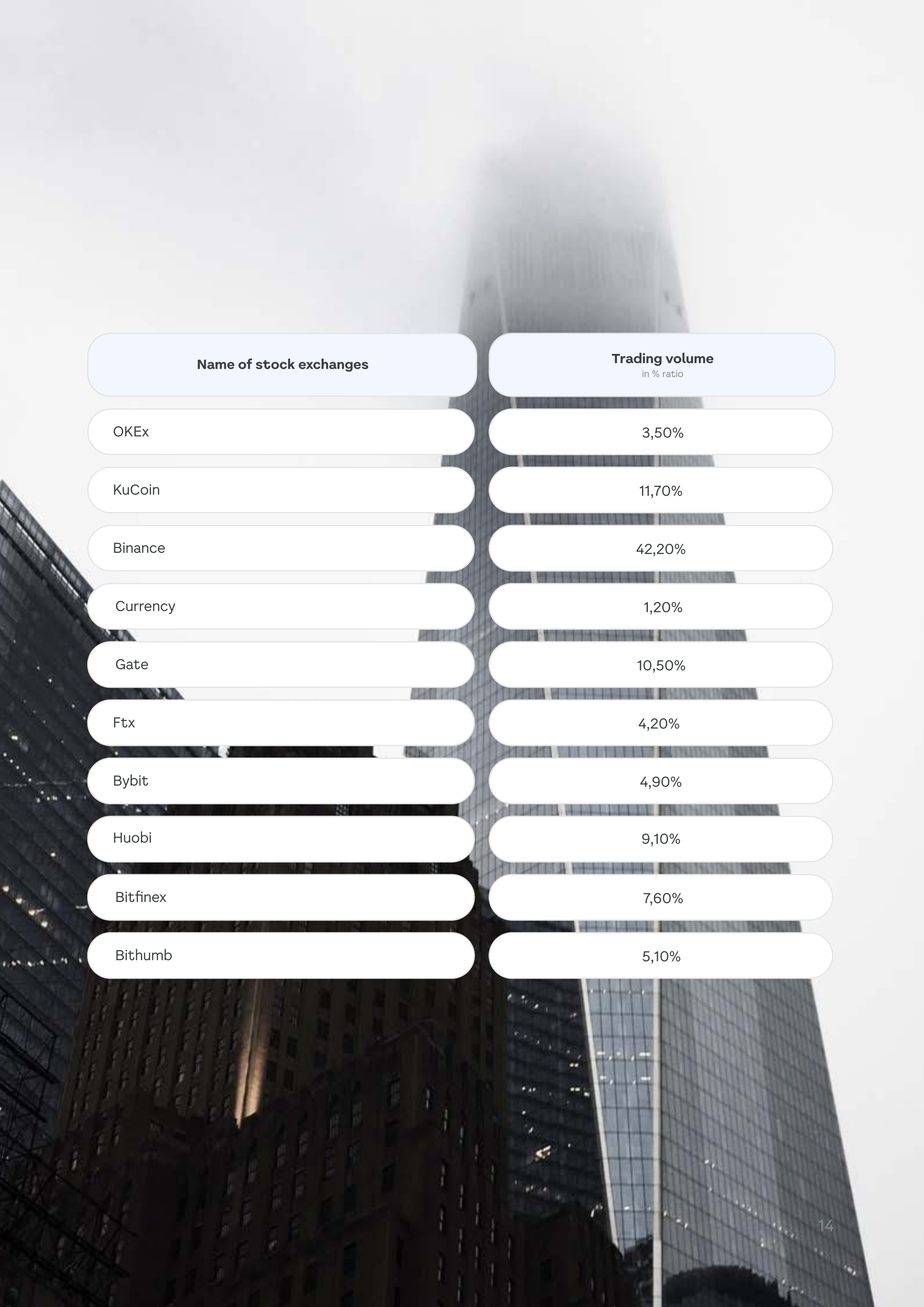
Trading activity takes place on trusted exchanges with high ratings. Subsequent to the analysis of revenues and expenses of each of the exchanges after the first quarter of 2021, a decision was made by the company to abandon low-margin exchanges and allocate balances to more stable and reliable partners.

The following table shows the main exchanges used for the company's operations and the percentage of trading volume for 2021.

The company's trading activity is carried out only on the verified exchanges with high ratings.

The following table shows the main exchanges used for the company's operations and the percentage of trading volume for 2021.





Name of stock exchanges	Trading volume in % ratio
OKEx	3,50%
KuCoin	11,70%
Binance	42,20%
Currency	1,20%
Gate	10,50%
Ftx	4,20%
Bybit	4,90%
Huobi	9,10%
Bitfinex	7,60%
Bithumb	5,10%

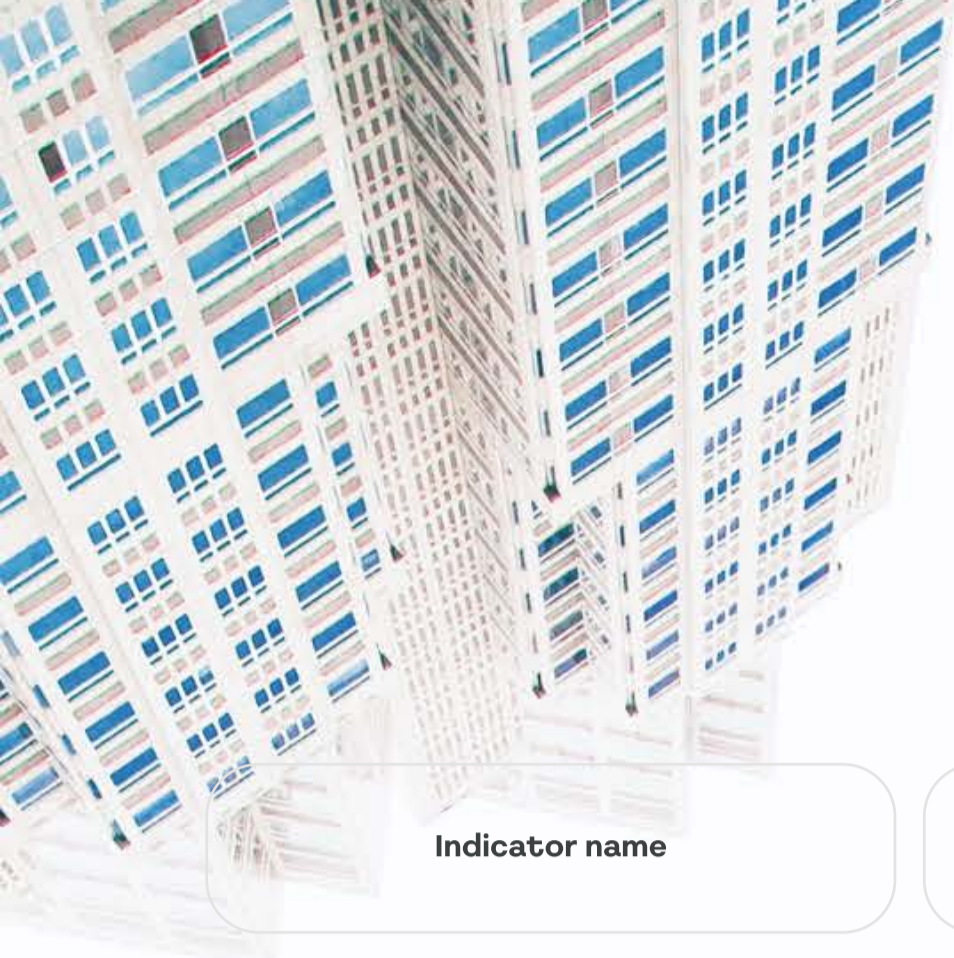
Fee and commission income

During the second half of the year, the company's analysts observed a positive trend in the provision of services to third parties. Following this, the board of directors decided to invest in this area.

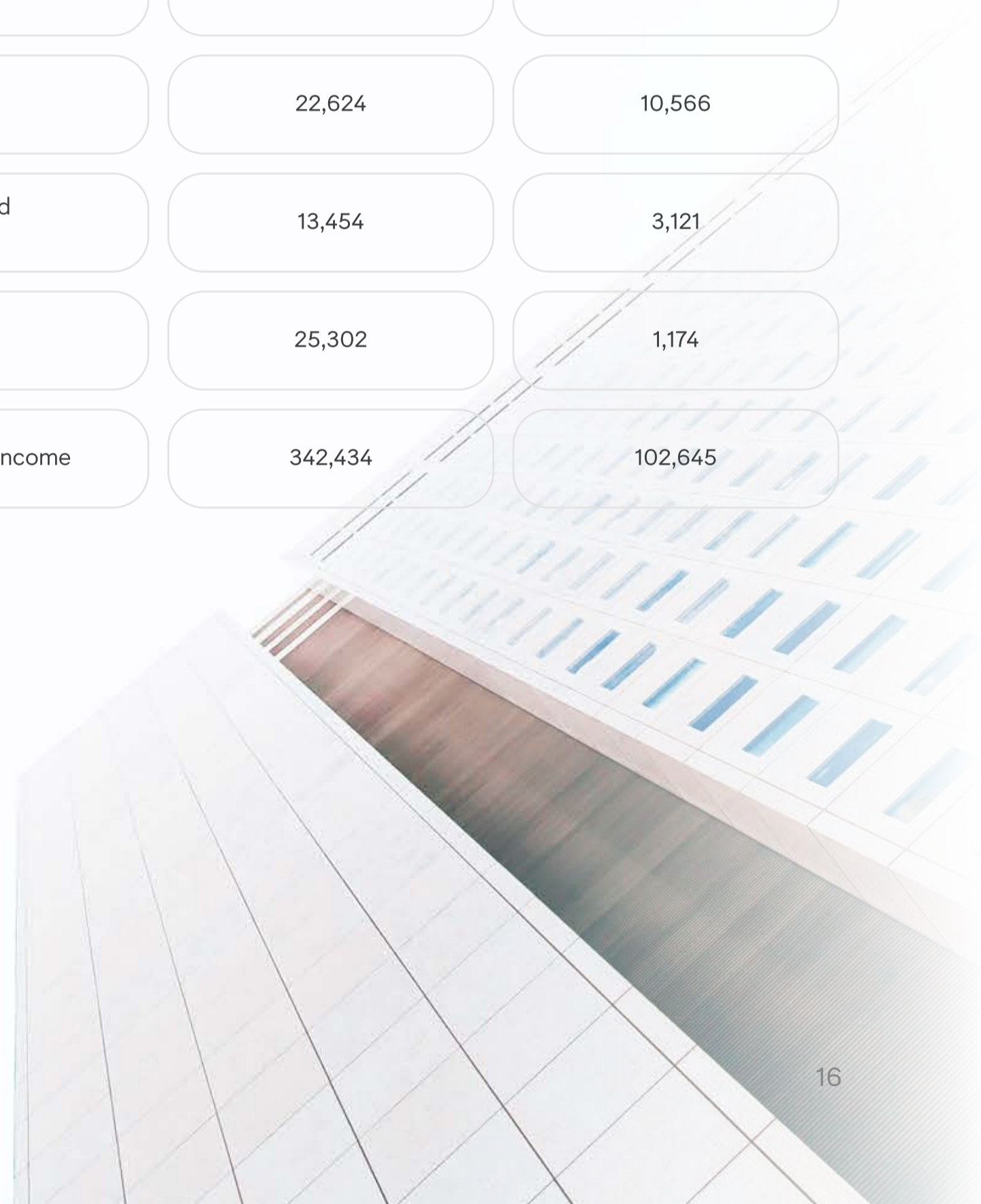
The forecasts were confirmed as of the last quarter of 2021, and the positive growth has been over **5%** monthly.

In addition, the company has changed its policy and tariffs for the management of clients' investment portfolios and other services, resulting in a positive impact on the amount of commissions earned.





Indicator name	Year ended 31 December 2021 <small>(in millions of US dollars)</small>	Year ended 31 December 2020 <small>(in millions of US dollars)</small>
Organising trading in the cryptocurrency market	194,626	58,671
Depository and settlement services	86,428	29,113
Information services	22,624	10,566
Implementing software and technical services	13,454	3,121
Other	25,302	1,174
Total fee and commission income	342,434	102,645



Net profit on financial assets at fair value via other comprehensive income

Indicator name	Fair value at first level of market quotation (in millions of US dollars)
Futures	3,323
Forwards	2,956
Stock options	8,821
Swaps	8,406
Margin loans to individuals and companies	5,929
Total	29,435



Other operating revenues

Indicator name	Year ended 31 December 2021 <small>(in millions of US dollars)</small>	Year ended 31 December 2020 <small>(in millions of US dollars)</small>
Revenue from the provision of assets for temporary use (temporary possession and use) for a fee	9,33	10,285
Revenue from participation in the share capital of other organisations (including interest and other income on securities)	7,993	-
Profit made by the organisation as a result of the joint activity	3,132	-
Total	20,455	10,285

General and administrative expenses

The costs of professional services include consulting and audit services, legal and other services.

Indicator name	Year ended 31 December 2021 <small>(in millions of US dollars)</small>
Maintenance of fixed and intangible assets	(4,854)
Taxes excluding profit tax	(1,887)
Market makers' commissions	(1,684)
Professional services	(1,047)
Services of registrars and depositories	(1,612)
Information services	(0,404)
Leasing and maintenance of fixed assets	(0,214)
Advertising and marketing costs	(0,558)
Expenditure on charity	(0,41)
Communication services	(0,798)
Other expenses	(1,696)
Total general and administrative expenses	(15,164)

Personnel expenses

Indicator name	Expenses <small>(in millions of US dollars)</small>
Labour payment expenses	-10,858
Taxes and deductions on salaries and other staff payments	-0,89
Long-term remuneration expenses	-7,874
Other	-0,944
Total	-20,566

Profit tax expenses

The Company estimates profit tax on the basis of the tax accounts maintained in accordance with the requirements of the tax legislation of the countries in which QUWIEX LIMITED operates, and these requirements may differ from International Financial Reporting Standards.

Deferred taxes reflect the net tax effects due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts identified for tax purposes.

These temporary differences arise principally from the different methods of income and expense recognition as well as from the carrying value of certain assets.

Therefore, the tax rate used for the reconciliation of tax expense to accounting profit is **18%** of the taxable profit as determined under tax law to be payable by corporate entities in that jurisdiction.

The tax effect of deductible temporary differences on other assets mainly represents the difference from created provisions for other financial assets. Deductible temporary differences on other liabilities are mainly presented by differences in provisions for payroll and other accruals.

Indicator name	December 31, 2021 <small>(in millions of US dollars)</small>
Tax effect of deductible temporary differences	-109,191
Cash and its equivalents, and funds in financial institutions	-78,35
Financial assets valued at FVTPL	-35,995
Financial assets valued at FVOCI	-14,818
Fixed and intangible assets	-96,746
Other assets	-127,005
Other liabilities	-25,199
Tax loss carry-forwards	-3,816
Total tax effect of deductible temporary differences	-491,12



Transaction fees and other commission expenses

Due to increased traffic in clearing centres and higher trading volumes on exchanges inevitably led to an increase in commissions at the beginning of 2021.

The management of the company became concerned about this issue and increased investment in the IT department, in order to develop original software for reducing the cost item.

From the second half of the year, commissions were reduced **by 17-20%** in relation to growing profits.

Expense item	Expenses (in millions of US dollars)
Clearing fee expenses	5,991
Exchange fees	19,784
Expenses for technical services	1,86
Other	0,745
In total	28,38

Financial projection

The business of QUWIEX LIMITED is influenced by many factors, including seasonality, general market conditions and retail behavior, as well as significant, unforeseen market events.

Many of these factors worked in our favor throughout 2020, resulting in a very successful outcome with record revenue.

We expect that for 2021, seasonal headwinds and higher trading activity in the industry will lead to higher revenues and significantly more new funded accounts than in the previous year.

In terms of operating costs, we will continue to invest in key areas to expand our capabilities, drive product innovation and improve service support, and we will build ourselves on our regulatory and compliance functions.

Caution regarding forward-looking statements

In this press release we provide forward-looking statements regarding QUWIEX LIMITED's expected financial performance as well as its strategic and operational plans, including the statements under the heading "Financial Projection".

Our forward-looking statements are susceptible to a number of known and unknown risks, uncertainties, speculations and other factors which may cause the actual future results, performance or achievements of QUWIEX LIMITED to be materially different from any future results expressed or implied by this report.

The reported results should not be regarded as an indication of future results.



There are risks that contribute to the uncertain nature of our forward-looking statements, including:

- other risks associated with the size of our market opportunities;
- our ability to manage our development effectively;
- our ability to expand into new markets successfully, including any expansion into international markets, and to comply with all applicable laws and regulations;
- our ability to invest in and develop our products as well as our services responsive to changing technologies;
- the effects of increased competition from our market competitors;
- the effectiveness of our marketing efforts and our ability to increase brand awareness as well as to maintain, protect and improve our brand;
- the impact of negative publicity on our brand and reputation;
- our ability to engage and retain capable and highly skilled personnel;
- our expectations concerning the impact of our accounting guidance;
- our ability to collect, store, share, disclose, transfer, receive, use and in any way process customer and other information, in addition to complying with laws, rules and regulations relating to confidentiality, data protection and data security;
- our ability to comply with amended or new laws, and regulations applicable to our business, in addition to the potential damage to our business resulting from these laws and regulations; the impact of unfavourable economic conditions;
- our expectations concerning the continuing impact of COVID-19 on our business;

Recognising that some of these risks and uncertainties cannot be predicted or quantified and some are beyond our control, your reliance on our forward-looking statements as predictions of future events is not appropriate.

Audit report of the independent auditor PwC Audit

Towards the Shareholders and
the Supervisory Board of
company «QUWIEX LIMITED»

Report

We have audited the consolidated financial statements of «QUWIEX LIMITED», which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year 2021, accompanied by notes to the consolidated financial statements, including a summary of significant accounting policies.

On the basis of our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the company as at 31 December 2021, as well as its consolidated financial performance and its consolidated cash flows for the year 2021 in accordance with International Financial Reporting Standards ("IFRS").

Basis of report

In accordance with International Standards on Auditing ("ISAs"), we conducted our audit. To the extent that our responsibilities under those standards are stated in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Whilst we are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the 'Code') and the ethical requirements that are relevant to our audit of the consolidated financial statements.

We also have complied with the other ethical responsibilities set out in those requirements and the Code.

We believe that we have obtained sufficient appropriate audit evidence as a basis for our audit report.

Information about the audited entity

Name: **QUWIEX LIMITED**

Information about the auditors

Name: **PwC Audit**

Whereabouts: **PricewaterhouseCoopers LLP**

Location: 9399 West Higgins Road
Rosemont, Illinois 60018
United States



"PwC Audit" is a member of the self-regulated organisation of auditors "International Union of Auditors" (Association) (SRO RSA).

"PwC Audit is entered on the control copy of the register of auditors and audit organisations with main registration number 11603050648.